

**Minutes of a meeting of Audit Committee
held on Tuesday, 21st February, 2023
from 7.00 pm**

Present: L Stockwell (Chair)
A Boutrup (Vice-Chair)

K Adams

I Gibson

S Hicks

Absent: Councillors M Pulfer and M Cornish

1. TO RECEIVE APOLOGIES FOR ABSENCE.

Apologies were received from Councillors Cornish and Pulfer and the Committee agreed for Councillor Boutrup to act as Vice Chairman for the meeting.

2. TO RECEIVE DECLARATIONS OF INTEREST FROM MEMBERS IN RESPECT OF ANY MATTER ON THE AGENDA.

Councillor Gibson declared an interest in relation to item 6. Treasury Management Strategy Statement and Annual Investment Strategy 2023/24 to 2025/26 as he is a Member of West Sussex County Council.

3. TO CONFIRM THE MINUTES OF THE PREVIOUS MEETING HELD ON 15 NOVEMBER 2022.

The minutes of the meeting of the Committee held on 15 November 2022 were agreed as a correct record, with 4 in favour and 1 abstention and signed by the Chairman.

The exempt minutes of the meeting of the Committee held on 15 November 2022 were agreed as a correct record, with 4 in favour and 1 abstention and signed by the Chairman.

4. TO CONSIDER ANY ITEMS THAT THE CHAIRMAN AGREES TO TAKE AS URGENT BUSINESS.

The Chairman had one item to be considered as urgent business, an additional Audit Committee meeting to be held on Wednesday 19th April. Louise Duffield, Director of Resources and Organisational Development advised Members there was a delay with the External Audit Results Report 2021/22 item due at this meeting and asked Members to hold the provisional date subject to confirmation from Ernst & Young. A Member reminded the Committee the extra meeting date falls in purdah, Kevin Toogood, Assistant Director Legal & Democratic Services confirmed there were no business items on the proposed agenda that would be affected by purdah.

5. CAPITAL STRATEGY 2023/24 TO 2026/27.

Louise Duffield, Director of Resources and Organisational Development, introduced the report which sets out the Capital Strategy for 2023/24 to 2025/26 for approval prior to recommending the Strategy for approval by Council at the meeting on 1st March. She noted this was a live Strategy and as such the Governance structure had been set out clearly for Members.

A Member queried the Capital Programme budget of £5.735 million for 2023/24 which had increased substantially compared to last years estimated figure. The Director of Resources and Organisational Development reminded Members the programme was a live document, which was expected to grow and change. The Council are required to have a Capital Programme and the Proposed Additions at Table 1 had been through the required governance processes to meet the Strategy, and any significant changes to schemes would be required to go through the decision-making process again.

A Member noted the reduction in the revenue allocated for the Swanmead development. Rachel Jarvis, Assistant Director Corporate Resources confirmed this budget line had been combined with the overall budget for Temporary Accommodation, and as such there was no change to the allocation. He raised concerns regarding current inflation issues and the risk to the Capital Programme. The Director of Resources and Organisational Development confirmed each scheme was individually assessed by officers to mitigate the risks.

As there were no further questions the Chairman took Members to a vote on the recommendations, which were agreed unanimously with 5 in favour.

RESOLVED

The Committee considered the draft Strategy, provided any feedback it felt was appropriate and recommended the Strategy for approval by Council at the next appropriate meeting.

6. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2023/24 TO 2025/26.

Louise Duffield, Director of Resources and Organisational Development, introduced the report which was before the Committee for approval prior to recommending to Council at the meeting on 1st March. She noted the Council were taking a prudent approach to the strategies.

In response to a Member asking for clarification on protections afforded to the Council on monies placed with banks and building societies, and the Council's upper borrowing limit, Joseph Saville, Adur & Worthing Council advised that for banks and building societies this was the same as for individuals however with regard funds placed with other local authorities the Council would expect to recover the complete investment, with protection from Central Government. Regarding increasing the internal borrowing limit, he advised the Capital Programme work is funded, therefore it was not necessary to increase the limit. The Director of Resources and Organisational Development reminded Members the Council was a collection authority and there was no future planned borrowing.

Members discussed the external financing of the Orchards shopping centre and additional borrowing. The Director of Resources and Organisational Development advised this was a unique asset and, the Council had no need to borrow currently and that if the Council increased its borrowing the cost of doing so would have to be

offset. In response to inflation rates and long-term borrowing, Joseph Saville advised this would be examined in the 2023/2024 financial year.

The Chairman asked for clarity regarding points 3 and 4 of the proposed specified and unspecified investments on p.29 of the report. Joseph Saville confirmed the unspecified investments had not been updated for some time and that investments had not been placed with these organisations and there was no intention to do so

There were no further questions, the Chairman took Members to a vote on the recommendations, which were agreed unanimously with 5 in favour.

RESOLVED

The Committee recommended to propose that Council agree;

- (i) the proposed Treasury Management Strategy Statement (TMSS) for 2023/24 and the following two years,
- (ii) the Annual Investment Strategy (AIS) and the Minimum Revenue Provision Statement (MRP) as contained in Sections 4 and 2.3 respectively of the report;
- (iii) the proposed amendments to the specified and non-specified investment appendices;
- (iv) the Prudential Indicators contained within the report.

7. INTERNAL AUDIT PROGRESS REPORT.

Louise Duffield, Director of Resources and Organisational Development introduced the report, to provide Members with an update on the progress of the internal audits. She noted the inclusion of the Disabled Facilities Grant, and that this had now been formally signed off with a substantial assurance rating. Juan Fosco, Internal Auditor at Mazars LLP confirmed the internal audits were on target.

A Member requested the Committee receive copies of all audit reports once signed off by Management Team. He also asked for an update on any outstanding actions from the previous internal audit report. Juan Fosco, confirmed a process was now in place for sharing the completed 2022/23 audits with the Committee. He advised any outstanding recommendations would be included as an annex to the current progress report, however to date there were none outstanding.

There were no further questions, the Chairman took Members to a vote on the recommendation which was agreed unanimously with 5 in favour.

RESOLVED

The Committee received the report.

8. INTERNAL AUDIT STRATEGY AND PROPOSED OPERATIONAL PLAN 2023/24.

Louise Duffield, Director of Resources and Organisational Development, introduced the report with the proposed operational plan for 2023/24 with a view to the report being approved in advance of the new financial year to allow audits to be completed on time. She highlighted that recent changes in HR and a change in payroll providers presented an opportune moment to seek audit assurance on those matters. Juan Fosco, reassured Members, Mazars are comfortable with the 2023/24 proposed plan and support the early delivery of audits.

In response to the Vice Chairman's question, the Director of Resources and Organisational Development confirmed the scoping of the Grants audit does include an examination of the procedures.

A Member asked if officers were able to provide a provisional programme of content in conjunction with the External Auditors. Juan Fosco advised if there were any risks following the outcome of the sign off of the accounts, these would be included in the proposed operational plan.

There were no further questions, the Chairman took Members to a vote on the recommendation, which was agreed unanimously with 5 in favour.

RESOLVED

The Committee commented on the detailed Internal Audit Plan for 2023/24 prior to its implementation.

9. QUESTIONS PURSUANT TO COUNCIL PROCEDURE RULE 10.2 DUE NOTICE OF WHICH HAS BEEN GIVEN.

The Chairman confirmed she had no questions.

The meeting finished at 7.37 pm

Chairman